

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 1851 - HB 2591**

May 8, 2020

**SUMMARY OF BILL:** Requires, on or after July 1, 2020, an employer pay a tipped employee a minimum wage of not less than \$7.25, in addition to any tips received. Prohibits an employer of retaining any tips received by tipped employees, for any purpose.

Any employer who violates this section is liable to the tipped employee affected for the amount of unpaid wages. In the case that a cause of action is brought to recover wages, the judgment must include, in addition to unpaid wages, an amount equal to such wages as damages, and the employer shall be required to pay court costs and reasonable attorney's fees incurred by the tipped employee. Requires that any action to recover wages occur within three years from the date the wages were due.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- The Department of Human Resources reports the provisions of the legislation do not include public employees; as a result, it is assumed there will be no fiscal impact to state or local government salaries.
- Based on a 2011 article in the Employee Rights and Employment Policy Journal entitled "Enforcement of State Minimum Wage and Overtime Laws: Resources, Procedures, And Outcomes," the states of Georgia and Texas use the private right of action to enforce their state minimum wage laws.
- The provisions of the legislation do not specifically require the Department of Labor and Workforce Development to enforce or investigate minimum wage violations.
- For purposes of the fiscal note, it is assumed that a private right of action will be the enforcement mechanism for proposed the legislation.

**IMPACT TO COMMERCE:**

**Other Commerce Impact – Potential increased wage expenditures and potential reductions in work force or work hours for employees of private businesses. The extent of any such changes cannot be determined for such impacts are dependent upon multiple unknown factors.**

Assumption:

- This legislation could increase wage expenditures for private businesses. Any such impact is dependent upon several unknown factors, including but not limited to, the number of private businesses that currently pay employees less than minimum wage as defined by the legislation, the extent to which any such employer is paying less than the proposed minimum wage, the extent to which any such business will increase wages for employees earning less than the proposed minimum wage, to what extent employers choose to reduce employee hours, and whether employers choose to reduce the size of their workforce. Due to the extent of unknown factors, a precise impact to commerce cannot be determined.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jdb